GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4224
ANSWERED ON:11.08.2017
Asset Quality Reivew of PSBs
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Will the Minister of FINANCE be pleased to state:

a) whether the Reserve Bank of India (RBI) asked Public Sector Banks (PSBs) to recognize some defaulting accounts as Non-Performing Assets (NPAs) and make adequate provision for them and if so, the details thereof;
b) whether the RBI has set deadline of March, 2017 to complete the Asset Quality Review and if so, the details thereof;
c) the further steps taken by the RBI to clean up the balance sheets of PSBs?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) to (c): Reserve Bank of India (RBI) under the Asset Quality Review (AQR), carried out with reference to the position as on March 31, 2015 advised banks to recognize impairment and make additional provisions for specific accounts based on extant Income Recognition and Asset Classification (IRAC) Norms.

RBI has informed that as part of AQR, certain accounts were identified, where restructuring was deemed to have failed due to performance issues within the specified period/non-fulfilment of restructuring conditions. These accounts will be subject to strict asset classification and provisioning as per IRAC norms.

RBI has provided tools like Corporate Debt Restructuring, formation of JLFs, Flexible structuring for long term project loans (5/25 scheme), Strategic Debt Restructuring (SDR) and Sustainable Structuring of Stressed Assets (S4A) for faster resolution of Stressed Assets.

An Ordinance {Banking Regulation (Amendment) Ordinance, 2017} has been promulgated on 4th May 2017 authorising RBI to issue directions to any banking company to initiate insolvency resolution process in respect of a default, under the provisions of the Insolvency and Bankruptcy Code, 2016 (IBC).
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